

# **Sheba Properties Limited**

CIN: U45200MH1989PLC050444

**2015 – 16**

## **Registered Office:**

C/O TATA MOTORS LTD, NANAVATI MAHALAYA,  
18 HOMI MODY STREET, HUTATMA CHOWK, MUMBAI 400001

**SHEBA PROPERTIES LIMITED**  
**Balance Sheet as at March 31, 2016**

	Note	Page	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
<b>I EQUITY AND LIABILITIES</b>				
<b>1 SHAREHOLDERS' FUNDS</b>				
(a) Share capital	3	5	75,00,00,000	75,00,00,000
(b) Reserves and surplus	4	5	122,60,72,133	115,55,94,319
<b>2 NON - CURRENT LIABILITIES</b>				
(a) Other long - term liabilities	5	6	2,35,00,000	2,35,00,000
<b>3 CURRENT LIABILITIES</b>				
(a) Other current liabilities	6	6	44,25,493	33,79,824
(b) Short-term provisions	7	6	4,76,18,593	63,52,475
<b>TOTAL</b>			<b>205,16,16,219</b>	<b>193,88,26,618</b>
<b>II ASSETS</b>				
<b>1 NON - CURRENT ASSETS</b>				
(a) Fixed assets				
- Tangible assets	8	7	4,46,81,020	4,84,46,337
(b) Non-current investments	9	8	146,71,04,282	135,75,93,426
(c) Deferred tax assets (net)	10	9	35,86,713	38,30,713
(d) Long-term loans and advances	11	9	2,43,68,528	2,43,68,528
<b>2 CURRENT ASSETS</b>				
(a) Current investments	12	9	46,69,42,848	29,71,93,863
(b) Cash and bank balances	13	10	40,18,935	10,50,975
(c) Short-term loans and advances	14	10	4,04,41,569	20,61,43,394
(d) Other current assets	15	10	4,72,324	1,99,382
<b>TOTAL</b>			<b>205,16,16,219</b>	<b>193,88,26,618</b>
<b>III NOTES FORMING PART OF FINANCIAL STATEMENTS</b>				

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**P D Karkaria**

**Shyam Mani**

**Anjum Qazi**  
Partner

**V B Somaiya**  
Manager

**Hoshang Sinor**

**H K Sethna**

**Mahesh B Sathe**  
Company Secretary & Chief Financial Officer

**Mani Raman**  
Directors

Mumbai, May 3, 2016

Mumbai, May 3, 2016

# SHEBA PROPERTIES LIMITED

## Statement of Profit and Loss for the Year Ended March 31, 2016

	<u>Note</u>	<u>Page</u>	<b>2015-16</b> <b>( ₹ )</b>	<b>2014-15</b> <b>( ₹ )</b>
<b>I. REVENUE FROM OPERATIONS</b>	16	11	<b>14,66,87,790</b>	10,97,89,408
<b>II. PROFIT ON SALE OF LONG TERM INVESTMENTS (NET)</b>			<b>-</b>	9,63,74,308
<b>III. OTHER INCOME</b>	17	11	<b>8,86,567</b>	8,71,800
<b>IV. TOTAL REVENUE ( I + II + III )</b>			<b>14,75,74,357</b>	20,70,35,516
<b>V. EXPENSES :</b>				
(a) Depreciation expense	8	7	<b>37,65,317</b>	37,65,317
(b) Provision for diminution in the value of Non-current investments			<b>1,50,00,000</b>	-
(c) Other expenses	18	11	<b>74,06,086</b>	122,61,816
<b>TOTAL EXPENSES</b>			<b>2,61,71,403</b>	1,60,27,133
<b>VI. PROFIT BEFORE TAX ( IV - V )</b>			<b>12,14,02,954</b>	19,10,08,383
<b>VII. TAX EXPENSE :</b>				
(a) Current tax (net of credit for MAT)	19	12	<b>1,09,63,000</b>	2,92,65,499
(b) Deferred tax	10	9	<b>2,44,000</b>	14,400
			<b>1,12,07,000</b>	2,92,79,899
<b>VIII. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS ( VI - VII )</b>			<b>11,01,95,954</b>	16,17,28,484
<b>IX. EARNINGS PER SHARE (Basic and diluted) (Face value of ₹ 100 each)</b>	20	12	<b>14.69</b>	21.56
<b>X. NOTES FORMING PART OF FINANCIAL STATEMENTS</b>				

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Mumbai, May 3, 2016

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**SHEBA PROPERTIES LIMITED**  
**Cash Flow Statement for Year ended March 31, 2016**

	2015-16 ( ₹ )	2014-15 ( ₹ )
<b>A. Cash flow from operating activities</b>		
Profit after tax	11,01,95,954	16,17,28,484
Adjustments for :		
Tax expense	1,12,07,000	2,92,79,899
Depreciation expense	37,65,317	37,65,317
Profit on sale of current Investments	(4,39,64,407)	(1,52,43,965)
Profit on sale of long-term investments (net)	-	(9,63,74,308)
Provision for diminution in the value of non-current investments	1,50,00,000	-
Provision for doubtful loans written back	(2,66,876)	(1,71,862)
Contingent provision / (write back) against standard assets	(3,95,000)	(1,67,500)
<b>Operating profit before working capital changes</b>	<b>9,55,41,988</b>	<b>8,28,16,065</b>
Adjustments for :		
Other current and non - current assets	16,56,95,759	6,76,09,962
Other current and non - current liabilities	10,45,669	15,73,195
Cash from operations	26,22,83,416	15,19,99,222
Direct taxes paid (net)	(90,20,022)	(3,08,20,880)
Net Cash from operating activities (A)	<b>25,32,63,394</b>	<b>12,11,78,342</b>
<b>B Cash flow from investing activities</b>		
Purchase of long - term investments	(12,55,10,856)	(8,84,29,190)
Sale of long - term investments	-	12,73,14,750
Redemption of Non-Cumulative redeemable Preference shares	10,00,000	-
Sale / (purchase) of mutual funds (net)	(12,57,84,578)	(15,95,38,440)
Net cash (used in) investing activities (B)	<b>(25,02,95,434)</b>	<b>(12,06,52,880)</b>
<b>C. Cash flow from financing activities</b>		
Net cash (used in) / from financing activities (C)	-	-
<b>Net increase in cash and cash equivalents [(A)+(B)+(C)]</b>	<b>29,67,960</b>	<b>5,25,462</b>
<b>Cash and cash equivalents as at April 1, (opening balance)</b>	<b>10,50,975</b>	<b>5,25,513</b>
<b>Cash and cash equivalents as at March 31, (closing balance)</b>	<b>40,18,935</b>	<b>10,50,975</b>

Notes :

1. Previous year figures have been regrouped wherever necessary.
2. Since the Company is an investment company, purchase and sale of investments have been considered as "Cash flow from investing activities" and interest, dividend income and interest paid have been considered as arising from "Cash flow from operating activities" .

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**P D Karkaria**

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Directors

Mumbai, May 3, 2016

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# SHEBA PROPERTIES LIMITED

## Notes Forming Part of Financial Statements

### Note 1

#### Corporate Information

The Company is a wholly owned subsidiary of Tata Motors Finance Limited (TMFL) and is registered as a Non-Banking Financial (Non Deposit Accepting or Holding) Company with the Reserve Bank of India with effect from March 4, 1998.

### Note 2

#### Significant Accounting Policies

##### a) Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention on an accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards notified under Section 133 of Companies Act, 2013 and relevant provisions of the Companies Act, 2013 ("the 2013 Act"). Further, the Company follows the directions issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFCs).

##### b) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent liabilities as at the date of these financial statements and reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future years.

##### c) Fixed Assets and Leased Assets

Fixed assets are valued at cost less depreciation. Finance lease, if any, entered into after April 01, 2001 shall be treated as loans in accordance with Accounting Standard 19 – leases.

##### d) Depreciation

Depreciation on assets other than those given on lease is provided on the basis of straight-line method over the useful lives of the assets. Depreciation on assets leased prior to April 01, 2001 is provided over primary period of the lease on straight-line basis.

##### e) Investments

Long Term Investments are stated at cost less provision to recognize a decline, other than temporary, in the value of such investments. Current investments are stated at lower of cost and fair value.

##### f) Revenue recognition

Dividend income is recognized as revenue once the right to receive the same is established. Interest income is recognized on time proportion basis.

##### g) Interest Income on Loan Transactions / Provision for Non - performing Assets

(i) Interest income on loan contracts is accounted on accrual basis except that no interest income is recognized on Non-Performing Assets as per the Prudential Norms for income recognition issued by the RBI for NBFCs. Interest income on such assets is recognized when received.

(ii) The Company being a Non-Banking Financial Company follows the Prudential norms issued by the RBI for provisioning on Non Performing Assets. In addition to the provisioning as per RBI norms, the Company also fully provides for total receivables, where any instalments are due for a period exceeding 11 months less estimated value of repossessed vehicles.

##### h) Tax on Income

(i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income-tax Act, 1961. Current tax is net of credit for entitlement for Minimum Alternative Tax.

(ii) Deferred tax is recognized, on timing differences, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(iii) Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date

##### i) Liabilities and contingent liabilities

The company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

**SHEBA PROPERTIES LIMITED**  
**Notes Forming Part of Financial Statements**

**3. Share capital**

	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
<b>a. Authorised:</b>		
75,00,000 (As at March 31, 2015 : 75,00,000) Equity Shares of ₹ 100 each.	75,00,00,000	75,00,00,000
	<u>75,00,00,000</u>	<u>75,00,00,000</u>
<b>b. Issued, subscribed and fully paid:</b>		
75,00,000 (As at March 31, 2015 : 75,00,000) Equity Shares of ₹ 100 each.	75,00,00,000	75,00,00,000
	<u>75,00,00,000</u>	<u>75,00,00,000</u>

**c. Movement of number of shares and share capital :**

	2015-16 No. of shares	(₹)	2014-15 No. of shares	(₹)
Equity shares as on April 1	75,00,000	75,00,00,000	75,00,000	75,00,00,000
Add : Shares issued during the year	-	-	-	-
Equity shares as on March 31	<u>75,00,000</u>	<u>75,00,00,000</u>	<u>75,00,000</u>	<u>75,00,00,000</u>

**d. Terms / rights attached to the equity shares :**

The Company has only one class of equity shares having a par value of ₹ 100 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees as proposed by the Board of Directors.  
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**e. Shares in the company held by each shareholder holding more than 5 % shares**

All shares were held by Tata Motors Limited and its nominees upto March 30, 2016. The shares have been sold to Tata Motors Finance Limited, a subsidiary of Tata Motors Limited on March 31, 2016. As at March 31, 2016, Tata Motors Finance Limited, is the holding company.

**4. Reserves and surplus**

	As at March 31, 2015 (₹)	Additions (₹)	Deductions (₹)	As at March 31, 2016 (₹)
(a) Capital redemption reserve	1,800	-	-	1,800
	1,800	-	-	1,800
(b) Special reserve [see note (i) below]	57,62,29,950	2,20,39,191	-	59,82,69,141
	54,38,84,253	3,23,45,697	-	57,62,29,950
(c) General reserve	17,85,58,875	-	-	17,85,58,875
	17,85,58,875	-	-	17,85,58,875
(d) Surplus in Statement of Profit and Loss [see note (ii) below]	40,08,03,694	11,01,95,954	6,17,57,331	44,92,42,317
	27,14,20,907	16,17,28,484	3,23,45,697	40,08,03,694
	<u>115,55,94,319</u>	<u>13,22,35,145</u>	<u>6,17,57,331</u>	<u>122,60,72,133</u>
	99,38,65,835	19,40,74,181	3,23,45,697	115,55,94,319

**Note (i)**

Special reserve of ₹ 59,82,69,141 (As at March 31, 2015 ₹ 57,62,29,950) represents reserve created pursuant to the Reserve Bank of India (Amendment) Ordinance, 1997, under Section 45-IC of the Reserve Bank of India Act, 1934. The amount transferred to the special reserve is equivalent to 20% of profit after tax for the year.

**Note (ii)**

**Changes in surplus in Statement of Profit and Loss**

	2015-16 (₹)	2014-15 (₹)
	Additions	Additions
Profit for the year	11,01,95,954	16,17,28,484
Transfer to special reserve	-	-
Proposed dividend	-	3,23,45,697
Tax on proposed dividend	-	-
	<u>67,18,140</u>	<u>-</u>
	<u>11,01,95,954</u>	<u>16,17,28,484</u>
	6,17,57,331	3,23,45,697

The dividend of ₹ 4.40 per share on 75,00,000 shares proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

**SHEBA PROPERTIES LIMITED**  
**Notes Forming Part of Financial Statements**

**5. Other long - term liabilities**

	As at March 31, 2016	As at March 31, 2015
	(₹)	(₹)
Security deposit [See Note 23(b)]	2,35,00,000	2,35,00,000
	<b>2,35,00,000</b>	<b>2,35,00,000</b>

**6. Other current liabilities**

	As at March 31, 2016	As at March 31, 2015
	(₹)	(₹)
Professional fees payable to ultimate holding company	17,12,356	13,82,521
Statutory dues	4,15,840	1,75,988
Provision for interest on service tax	15,00,000	15,00,000
Others	7,97,297	3,21,315
	<b>44,25,493</b>	<b>33,79,824</b>

**7. Short - term provisions**

	As at March 31, 2016	As at March 31, 2015
	(₹)	(₹)
Provision for taxation (net of advance tax)	77,80,453	58,37,475
Contingent provision against standard assets (see note below)	1,20,000	5,15,000
Proposed dividend	3,30,00,000	-
Provision for tax on dividends	67,18,140	-
	<b>4,76,18,593</b>	<b>63,52,475</b>

**Note : Contingent provision against standard assets**

The Reserve Bank of India issued Notification No. RBI/2014-15/299 DNBR.PD.CC.No.002/03.10.001/2014-15 dated November 10, 2014 requiring all NBFCs to make a general provision at 0.30% of the outstanding standard assets by the end of March 2016. The contingent provision against standard assets for the Company as at March 31 , 2016 is ₹ 1,20,000 (as at March 31,2015 ₹ 5,15,000).

**SHEBA PROPERTIES LIMITED**  
**Notes Forming Part of Financial Statements**

**8. Fixed assets**

**I. Tangible assets**

Particulars	Gross Block				Accumulated Depreciation				Net Block
	Opening Balance as at April 01, 2015	Additions	Disposals	Closing Balance as at March 31, 2016	Opening Balance as at April 01, 2015	Depreciation for the year	Disposals	Closing Balance as at March 31, 2016	Closing Balance as at March 31, 2016
	( ₹ )	( ₹ )	( ₹ )	( ₹ )	( ₹ )	( ₹ )	( ₹ )	( ₹ )	( ₹ )
<b>Assets given on lease</b>									
1. Building	<b>7,53,06,340</b>	-	-	<b>7,53,06,340</b>	<b>2,68,60,003</b>	<b>37,65,317</b>	-	<b>3,06,25,320</b>	<b>4,46,81,020</b>
(see note 1 below)	<i>7,53,06,340</i>	-	-	<i>7,53,06,340</i>	<i>2,30,94,686</i>	<i>37,65,317</i>	-	<i>2,68,60,003</i>	<i>4,84,46,337</i>
2. Plant and equipments	<b>3,15,06,100</b>	-	-	<b>3,15,06,100</b>	<b>3,15,06,100</b>	-	-	<b>3,15,06,100</b>	-
	<i>3,15,06,100</i>	-	-	<i>3,15,06,100</i>	<i>3,15,06,100</i>	-	-	<i>3,15,06,100</i>	-
<b>Total</b>	<b>10,68,12,440</b>	-	-	<b>10,68,12,440</b>	<b>5,83,66,103</b>	<b>37,65,317</b>	-	<b>6,21,31,420</b>	<b>4,46,81,020</b>
	<i>10,68,12,440</i>	-	-	<i>10,68,12,440</i>	<i>5,46,00,786</i>	<i>37,65,317</i>	-	<i>5,83,66,103</i>	<i>4,84,46,337</i>

**Note :**

1. Building includes :

(a) ₹ 500 (as at March 31, 2015: ₹ 500 ) being value of investment in 10 shares of ₹ 50 each in the Pallonji Mansion Co-operative Housing Society Limited.

(b) Residential Flat of ₹ 6,69,97,700 (as at March 31, 2015 ₹ 6,69,97,700 ).

2. Figures in *Italics* are in respect of the previous year.

**SHEBA PROPERTIES LIMITED**  
**Notes Forming Part of Financial Statements**

**9. Non-current investments**

Number	Face Value per unit ( ₹ )	Description	Market Value as at March 31, 2016 ( ₹ )	Market Value as at March 31, 2015 ( ₹ )	Cost as at March 31, 2016 ( ₹ )	Cost as at March 31, 2015 ( ₹ )
		(1) Trade Investments (at Cost)				
		Fully paid Ordinary / Equity shares (unquoted)				
42,00,000	10	Taj Air Limited			4,20,00,000	4,20,00,000
		Total (1)			4,20,00,000	4,20,00,000
		(2) Other investments (at Cost)				
		(A) Investment in Equity instruments				
		(a) Fully Paid Ordinary / Equity shares (quoted)				
		Others				
4,91,542	10	Tata Steel Limited	15,71,45,977	15,57,45,083	16,61,53,157	16,61,53,157
10,060	10	Tata Chemicals Limited	37,59,422	44,46,520	24,11,627	24,11,627
9,120	1	Tata Power Limited	5,89,608	7,03,152	1,58,800	1,58,800
4,77,300	2	ICICI Bank Limited	11,29,53,045	15,04,92,690	5,01,16,500	5,01,16,500
6,24,995	10	Cairn India Limited	9,61,55,481	13,36,55,181	9,99,99,200	9,99,99,200
12,208	10	Power Finance Corporation Limited	20,91,841	33,29,732	10,37,680	10,37,680
63,243	10	Power Grid Corporation of India Limited	87,97,101	91,82,884	47,61,782	47,61,782
2,75,752	10	NTPC Limited	3,55,30,645	4,06,32,057	5,32,78,789	5,32,78,789
2,58,369	1	NMDC Limited	2,53,20,162	3,36,00,888	6,62,56,330	6,62,56,330
91,904	10	Coal India Limited	2,68,31,373	1,79,76,490	2,94,87,459	1,50,62,245
20,155	2	(42,300 shares acquired during the year) Larsen & Toubro Limited	2,45,22,589	1,51,35,795	2,35,06,393	90,30,450
48,315	10	(11,350 shares acquired during the year) Automobile Corporation of Goa Limited	2,03,74,436	2,13,40,736	1,40,81,231	1,40,81,231
1,71,000	5	Oil and Natural Gas Corporation Limited	3,66,11,100	5,24,62,800	4,97,06,686	4,97,06,686
24,960	5	Tech Mahindra Limited	1,18,54,752	91,77,381	1,44,80,431	99,95,786
		(10,380 shares acquired during the year)				
16,805	1	Sun Pharmaceutical Industries Limited	1,37,80,100	1,18,83,656	1,44,67,917	99,91,634
		(5,180 shares acquired during the year)				
17,960	2	HCL Technologies Limited	1,46,21,236	1,22,94,608	1,44,70,497	99,91,230
		(5,410 shares acquired during the year)				
16,250	2	Cummins India Limited	1,36,79,250	98,26,880	1,44,67,963	99,81,304
		(5,050 shares acquired during the year)				
15,650	1	Colgate-Palmolive (India) Limited	1,30,02,803	1,03,69,268	1,44,17,687	99,36,538
		(5,150 shares issued as Bonus during the year in the ratio of 1:1 and 5,350 shares acquired during the year)				
13,630	2	HDFC Bank Limited	1,45,99,775	-	1,44,40,333	-
		(13,630 shares acquired during the year)				
40,280	1	State Bank of India	78,24,390	-	99,93,851	-
		(40,280 shares acquired during the year)				
18,930	1	Aurobindo Pharma	1,41,00,957	-	1,44,54,247	-
		(18,930 shares acquired during the year)				
11,805	2	HDFC Limited	1,30,51,608	-	1,44,70,567	-
		(11,805 shares acquired during the year)				
29,990	2	LIC Housing Finance Limited	1,47,89,569	-	1,43,62,113	-
		(29,990 shares acquired during the year)				
		Sub Total (a)	68,19,87,220	69,22,55,801	70,09,81,240	58,19,50,969
		(b) Fully paid Ordinary / Equity shares (unquoted)				
		Fellow subsidiaries				
8,11,992	10	Tata Technologies Limited			19,12,97,472	19,12,97,472
		Others				
19,350	1,000	Tata International Limited			15,55,60,000	15,55,60,000
9,93,753	100	Tata Industries Limited			20,49,99,980	20,49,99,980
2,50,000	10	Tata Hitachi Construction Machinery Company Private Limited			70,00,000	70,00,000
		Sub Total (b)			55,88,57,452	55,88,57,452
		Total (A)			125,98,38,692	114,08,08,421
		(B) Investment in Preference shares				
		Fully Paid Non - Cumulative Redeemable Preference shares (unquoted)				
		Others				
1,90,000	100	6% Tata Precision Industries (India) Limited			1,90,00,000	2,00,00,000
		Fully Paid Cumulative Redeemable Non Participating Preference shares (unquoted)				
		Others				
6,665	1,000	12.50% Tata Capital Limited			99,97,500	99,97,500
		Fully Paid Optionally Convertible Preference shares (unquoted)				
		Others				
1,00,000	100	9% Tata Hitachi Construction Machinery Company Private Limited			1,00,00,000	1,00,00,000
		Total (B)			3,89,97,500	3,99,97,500
		(C) Investment in trust securities (Partly paid)				
		Others				
1,50,00,000	10	SBI Macquarie Infrastructure Trust (Partly paid upto ₹ 9.4179 per unit) (Refer Note 21(B))			14,12,68,090	13,47,87,505
		Total (C)			14,12,68,090	13,47,87,505
		(D) Investments in Debentures and Bonds				
		Fully Paid Secured, Non - Cumulative, Non - Convertible, Redeemable Debentures (quoted)				
2,75,752	12.50	8.49% NTPC Limited (issued as bonus) Market value as at March 31, 2016 is ₹ 34,91,020/- (As at March 31, 2015 : ₹ 35,10,323 -/-)			-	-
		Fully Paid Secured Redeemable Non - Convertible Debentures (unquoted)				
		Others				
3,50,000	100	10% Tata Precision Industries (India) Limited			3,50,00,000	3,50,00,000
		Total (D)			3,50,00,000	3,50,00,000
		Total (2) = (A+B+C+D)			147,51,04,282	135,05,93,426
		(3) Less : Provision for diminution in value of non-current investments			5,00,00,000	3,50,00,000
		Total (1+2-3)			146,71,04,282	135,75,93,426
					2015-16 ( ₹ )	2014-15 ( ₹ )
		Book Value of Quoted Investments			68,59,81,240	58,19,50,969
		Market Value of Quoted Investments			68,54,78,240	69,57,66,124
		Book Value of Un-Quoted Investments			78,11,23,042	77,56,42,457

**SHEBA PROPERTIES LIMITED**  
**Notes Forming Part of Financial Statements**

**10. Deferred tax assets**

	As at March 31, 2016	As at March 31, 2015
	( ₹ )	( ₹ )
(a) <b>Major components of deferred tax arising on account of timing differences are :</b>		
Provision for doubtful loans	35,47,037	35,67,737
Provision for standard assets	39,676	1,67,265
Difference in carrying amount of current investments	-	95,711
<b>Net deferred tax assets</b>	<b>35,86,713</b>	<b>38,30,713</b>
(b) <b>Deferred tax charge for the year :</b>		
Opening deferred tax assets	38,30,713	38,45,113
Closing deferred tax assets	35,86,713	38,30,713
<b>Deferred tax charge for the year</b>	<b>2,44,000</b>	<b>14,400</b>

**11. Long-term loans and advances**

	As at March 31, 2016	As at March 31, 2015
	( ₹ )	( ₹ )
Advance payment against taxes (net of provisions)	2,43,68,528	2,43,68,528
	<b>2,43,68,528</b>	<b>2,43,68,528</b>

**12. Current investments**

Number	Face value per unit	Description	Cost as at March 31, 2016	Cost as at March 31, 2015
	( ₹ )		( ₹ )	( ₹ )
		<b>Investments in mutual funds - Unquoted (At cost or fair value whichever is lower)</b>		
-	100	Birla Sunlife Savings Fund - Growth - Regular Plan	-	3,58,02,089
-	100	ICICI Prudential Liquid Regular Plan Growth	-	1,17,00,000
50,13,815.604	10	ICICI Prudential Ultra Short term-Regular plan-Growth	7,44,42,848	-
-	10	Franklin India Ultra Short Bond Fund Super Institutional Plan - Growth	-	4,27,53,557
40,769.584	1,000	Franklin India Treasury Management Account -Super Institutional Plan - Growth	9,15,00,000	20,69,38,217
1,26,925.617	1,000	Tata Money Market Fund Regular Plan - Growth	30,10,00,000	-
			<b>46,69,42,848</b>	<b>29,71,93,863</b>

**SHEBA PROPERTIES LIMITED**  
**Notes Forming Part of Financial Statements**

**13. Cash and bank balances**

**Cash and cash equivalents**

Current accounts with banks

As at March 31, 2016	As at March 31, 2015
( ₹ )	( ₹ )
40,18,935	10,50,975
<b>40,18,935</b>	<b>10,50,975</b>

**14. Short - term loans and advances**

**(a) Fellow subsidiaries**

**Unsecured - considered good**

Inter - Corporate Deposits

(a)

**(b) Others**

**(1) Secured**

**Vehicle loans**

Considered doubtful

Less: Provision for doubtful loans

Note : Vehicle loans are secured against hypothecation of the underlying vehicles.

**(2) Unsecured - considered good**

Inter - Corporate Deposits

Deposits with government, public bodies and others

(b)

**Total (a+b)**

As at March 31, 2016	As at March 31, 2015
( ₹ )	( ₹ )
4,00,00,000	20,30,00,000
<b>4,00,00,000</b>	<b>20,30,00,000</b>
1,07,29,386	1,09,96,262
<b>1,07,29,386</b>	<b>1,09,96,262</b>
<b>1,07,29,386</b>	<b>1,09,96,262</b>
-	-
-	30,00,000
<b>4,41,569</b>	<b>1,43,394</b>
<b>4,41,569</b>	<b>31,43,394</b>
<b>4,04,41,569</b>	<b>20,61,43,394</b>

**15. Other current assets**

Interest accrued on :

Non-Convertible Debentures

Dividend receivable

As at March 31, 2016	As at March 31, 2015
( ₹ )	( ₹ )
2,405	1,58,182
<b>4,69,919</b>	<b>41,200</b>
<b>4,72,324</b>	<b>1,99,382</b>

**SHEBA PROPERTIES LIMITED**  
**Notes Forming Part of Financial Statements**

**16. Revenue from operations**

**Interest and other operational income**

- (a) Income from loan transactions (See Note (i) below)
- (b) Dividend income from long-term investments (See Note (ii) below)
- (c) Profit on sale of short - term investments
- (d) Interest income (See Note (iii) below)
- (e) Income from Flying Hours
- (f) Provision for doubtful loans written back

2015-16	2014-15
( ₹ )	( ₹ )
33,124	18,466
8,29,70,519	5,15,51,494
4,39,64,407	1,52,43,965
1,94,52,864	2,86,68,065
-	1,41,35,556
2,66,876	1,71,862
<b>14,66,87,790</b>	<b>10,97,89,408</b>

**Notes :**

**(i) Income from loan transactions include :**

- (a) Interest income from loan contracts
- (b) Late payment charges income from loan contracts

**(ii) Dividend income from :**

- (a) Long - term investments

**(iii) Interest income include :**

- (a) Interest income from Inter-Corporate Deposits
- (b) Interest income on long-term Investments

2015-16	2014-15
( ₹ )	( ₹ )
33,124	18,245
	221
8,29,70,519	5,15,51,494
1,56,50,581	2,51,47,965
38,02,283	35,20,100

**17. Other income**

Rent income

2015-16	2014-15
( ₹ )	( ₹ )
8,86,567	8,71,800
<b>8,86,567</b>	<b>8,71,800</b>

**18. Other expenses**

- (a) Expenses on flying hours
- (b) Payment to auditors (see Note 1 below)
- (c) Professional fees
- (d) Contingent provision / (write back) against standard assets
- (e) Loans and advances written off
- (f) Reversal of service tax credit
- (g) Expenditure on Corporate Social Responsibility
- (h) Miscellaneous expenses

2015-16	2014-15
( ₹ )	( ₹ )
-	83,05,480
5,61,772	5,36,217
39,78,107	20,15,134
(3,95,000)	(1,67,500)
-	34,468
3,29,638	5,67,351
15,00,000	7,00,000
14,31,569	2,70,666
<b>74,06,086</b>	<b>1,22,61,816</b>

**Note :**

**1 Payment to auditors for**

- Audit
- Tax audit
- Other services
- Out of pocket expenses

2015-16	2014-15
( ₹ )	( ₹ )
3,75,000	3,75,000
75,000	75,000
91,000	81,500
20,772	4,717
<b>5,61,772</b>	<b>5,36,217</b>

- 2** Expenditure on Corporate Social Responsibility (CSR) for the year 2015-16 is spent towards various schemes of Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013. No amount has been spent on construction / acquisition of an asset of the Company. The CSR expenditure required to be spent for the year 2015-16 as per the Companies Act, 2013 is ₹ 14,62,994.

**SHEBA PROPERTIES LIMITED**  
**Notes Forming Part of Financial Statements**

**19. Current tax**

Current tax
Less : MAT credit entitlement
Current tax (net of credit for Minimum Alternate Tax)

2015-16	2014-15
( ₹ )	( ₹ )
1,68,90,000	2,92,65,499
(59,27,000)	-
<b>1,09,63,000</b>	<b>2,92,65,499</b>

**20. Earnings per share**

(a) Profit after tax.....	₹
(b) Weighted average number of shares for Basic and Diluted EPS .....	Nos.
(c) Nominal value per share .....	₹
(d) Earnings per share (basic and diluted) .....	₹

2015-16	2014-15
( ₹ )	( ₹ )
11,01,95,954	16,17,28,484
75,00,000	75,00,000
100	100
<b>14.69</b>	<b>21.56</b>

**21. (A) Contingent liabilities and commitments (to the extent not provided for) :**

Income-tax in respect of matters :
Pending before the Appellate authority in respect of which the Company is in appeal.

As at March 31, 2016	As at March 31, 2015
( ₹ )	( ₹ )
-	75,18,090

**(B) Commitment to invest in SBI Macquarie Infrastructure Trust**

As at March 31, 2016	As at March 31, 2015
( ₹ )	( ₹ )
<b>87,31,910</b>	<b>1,52,12,495</b>

- 22.** The Company is a non-deposit taking Non-Banking Financial Company engaged mainly in Investment activities operating primarily in India. This, in the context of Accounting Standard 17 on segment reporting, as specified under section 133 of the Companies Act, 2013 is considered to constitute one single primary segment. Further there is no reportable secondary segment i.e. Geographical Segment.

**SHEBA PROPERTIES LIMITED**  
**Notes Forming Part of Financial Statements**

**23. Related Party disclosures:**

- (a) Related parties and their relationship
- (i) Ultimate Holding Company
    - Tata Motors Limited
  - (ii) Holding Company
    - Tata Motors Finance Limited (As on March 31, 2015 - Tata Motors Limited)
  - (iii) Fellow Subsidiaries, with whom there are transactions
    - Concorde Motors India Limited
    - Tata Marcoplo Motors Limited
    - Tata Motors Insurance Broking and Advisory Limited
    - TAL Manufacturing Solutions Limited
    - Tata Technologies Limited
  - (iv) Associates of Ultimate Holding Company, with whom there are transactions
    - Tata Precision Industries (India) Limited
    - Automobile Corporation of Goa Limited
- (b) Transactions with related parties

( ₹ )  
2015-16

Nature of Relationship	Ultimate Holding Company	Fellow Subsidiaries				Associates of Ultimate Holding Company		
	Tata Motors Limited	Concorde Motors India Limited	Tata Marcopolo Motors Limited	Tata Motors Insurance Broking and Advisory Limited	TAL Manufacturing Solutions Limited	Tata Technologies Limited	Tata Precision Industries (India) Limited	Automobile Corporation of Goa Limited
Particulars								
Income from aircraft transactions	- 1,41,35,556	- -	- -	- -	- -	- -	- -	- -
Interest income on Inter Corporate Deposit given	- -	37,39,192 52,58,626	84,29,178 1,36,70,136	27,77,993 8,72,219	5,52,329 48,84,657	- -	1,51,889 3,29,998	- -
Interest income on Non Cumulative Debentures	- -	- -	- -	- -	- -	- -	35,09,588 35,15,342	- -
Inter Corporate Deposits given	- -	8,00,00,000 26,00,00,000	- 12,00,00,000	50,00,000 5,05,00,000	- 17,00,00,000	- -	- -	- -
Inter Corporate Deposits repaid	- -	8,00,00,000 32,00,00,000	9,00,00,000 20,00,00,000	3,80,00,000 1,75,00,000	4,00,00,000 13,00,00,000	- -	- -	- -
Advance taken	- 1,00,00,000	- -	- -	- -	- -	- -	- -	- -
Advance refunded	- 1,00,00,000	- -	- -	- -	- -	- -	- -	- -
Rent income	8,86,567 8,71,800	- -	- -	- -	- -	- -	- -	- -
Professional Fees	19,02,618 15,36,134	- -	- -	- -	- -	- -	- -	- -
Dividend Income	- -	- -	- -	- -	- -	6,08,99,400 2,67,95,736	- -	7,24,725 7,24,725
Payables :								
Security Deposit towards Residential Flat	2,35,00,000 2,35,00,000	- -	- -	- -	- -	- -	- -	- -
Professional Fees payable	17,12,356 13,82,521	- -	- -	- -	- -	- -	- -	- -
Receivables :								
Inter Corporate Deposits	- -	4,00,00,000 4,00,00,000	- 9,00,00,000	- 3,30,00,000	- 4,00,00,000	- -	- -	- -

**Note:** Figures in *Italics* pertains to previous year

**SHEBA PROPERTIES LIMITED**  
**Notes Forming Part of Financial Statements**

**24. Capital Risk Adequacy Ratio (CRAR)**

- (i) CRAR %  
(ii) CRAR - Tier I Capital (%)  
(iii) CRAR - Tier II Capital (%)

As At March 31, 2016	As At March 31, 2015
96.12	98.22
96.11	98.17
0.01	0.05

**25. Exposure to real estate sector**

The Company does not have any exposure to the real estate sector as per Notification No. DNBS. 200 / CGM(PK)-2008 dated August 1, 2008.

**26. Maturity pattern of certain items of assets and liabilities**

(₹)

	1 day to 30/31 days (one month)	Over one month to two months	Over two months to three months	Over three months to six months	Over six months to one year	Over one year to three years	Over three years to five years	Over five years	Total
<b>Liabilities</b>									
Borrowings from Bank	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Market Borrowings	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Assets</b>									
Advances	5,07,29,386	-	-	-	4,41,569	2,43,68,528	-	-	7,55,39,483
	21,69,96,262	-	-	-	1,43,394	2,43,68,528	-	-	24,15,08,184
Investments	46,69,42,848	-	-	-	-	3,50,00,000	-	143,21,04,282	193,40,47,130
	29,71,93,863	-	-	-	-	3,50,00,000	-	132,25,93,426	165,47,87,289

**Note:**

1. Advances are reported gross of provision for non performing assets.  
2. Figures in *Italics* pertains to previous year.

**27. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.**

**V B Somaiya**  
Manager

**Mahesh B Sathe**  
Company Secretary & Chief Financial Officer

Mumbai, May 3, 2016

**P D Karkaria**

**Shyam Mani**

**Hoshang Sinor**

**H K Sethna**

**Mani Raman**  
Directors

Mumbai, May 3, 2016

## SHEBA PROPERTIES LIMITED

### Schedule to the Balance Sheet of Non Deposit taking non banking Financial Company

Disclosure as per Annexure 1 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015)

₹ in Lakh

Particulars		Amount Outstanding	Amount Overdue
<b>Liabilities Side :</b>			
(1)	<b>Loans and advances availed by the non - banking financial company inclusive of interest accrued thereon but not paid :</b>		
(a)	Debentures : Secured	-	-
	Unsecured	-	-
	(other than falling within the meaning of public deposits)		
(b)	Deferred Credits	-	-
(c)	Term Loans	-	-
(d)	Inter Corporate Loans and borrowing	-	-
(e)	Commercial Paper	-	-
(f)	Other Loans (specify nature)	-	-

Asset Side :		Amount Outstanding
(2)	<b>Break up of Loans and Advances including bills receivables [other than those included in (4) below]</b>	
(a)	Secured	-
(b)	Unsecured	648.10
(3)	<b>Break up of Leased Assets and Stock on hire and other assets counting towards AFC activities</b>	
(i)	Lease assets including lease rentals under sundry debtors	
(a)	Financial Lease	-
(b)	Operating Lease	-
(ii)	Stock on hire including hire charges under sundry debtors :	
(a)	Assets on hire	-
(b)	Repossessed Assets	-
(iii)	Other Loans counting towards AFC activities	
(a)	Loans where assets have been repossessed	-
(b)	Loans other than (a) above	-
(4)	<b>Break - up of Investments</b>	
	<b>Current Investments</b>	
1.	Quoted :	
(i)	shares : (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of mutual funds	-
(iv)	Government Securities	-
(v)	Others (please specify)	-
2.	Unquoted	
(i)	shares : (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of mutual funds	4,669.43
(iv)	Government Securities	-
(v)	Others (please specify)	-
	<b>Long Term Investments (See Note 1)</b>	
1.	Quoted :	
(i)	shares : (a) Equity	7,009.81
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of mutual funds	-
(iv)	Government Securities	-
(v)	Others (please specify)	-
2.	Unquoted	
(i)	shares : (a) Equity	6,008.57
	(b) Preference	389.98
(ii)	Debentures and Bonds	350.00
(iii)	Units of mutual funds	-
(iv)	Government Securities	-
(v)	Others - Investment in Trust Securities (Investment in SBI Macquire Infrastructure Trust)	1,412.68

(5) Borrower group-wise classification of assets financed as in (2) and (3) above :

	Category	Amounts net of provisions		
		Secured	Unsecured	Total
1.	Related parties			
(a)	Subsidiaries	-	-	-
(b)	Companies in the same group	-	400.00	400.00
(c)	Other related parties	-	-	-
2.	Other than related parties	-	248.10	248.10
Total		-	648.10	648.10

(6) Investor group-wise classification of all investments ( current and long term) in shares and securities (both quoted and unquoted) :

	Category	Market Value / Break up of fair value or NAV	Book Value (net of Provisions)
1.	Related parties		
(a)	Subsidiaries	-	-
(b)	Companies in the same group	2,826.72	2,413.79
(c)	Other related parties	-	-
2.	Other than related parties (In case of unquoted investments in shares the break up / fair value / NAV is the Book Value.)	16,900.19	16,926.68
Total		19,726.91	19,340.47

(7) Other Information

	Particulars	Amount
(i)	Gross Non Performing Assets	
(a)	Related parties	-
(b)	Other than Related parties	107.29
(ii)	Net Non Performing Assets	-
(a)	Related parties	-
(b)	Other than Related parties	-
(iii)	Assets acquired in satisfaction of debt	-

**Notes :**

- Gross value of Long Term Investments are considered. Provision for Diminution in value of Long Term Investments of Rs. 500 Lakh is not considered in point (4).
- Net non performing assets are Nil in point (7) as non performing assets are fully provided.

For and on behalf of the Board of Directors

**V B Somaiya**  
Manager

**P D Karkaria**

**Shyam Mani**

**Hoshang Sinor**

**H K Sethna**

**Mahesh B Sathe**  
Company Secretary & Chief Financial Officer

**Mani Raman**  
Directors

Mumbai May 3, 2016

Mumbai May 3, 2016

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SHEBA PROPERTIES LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying Financial Statements of **SHEBA PROPERTIES LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the

appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March, 31, 2016, and its profit and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position. Refer Note 21(A) to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W- 100018)

**Anjum Qazi**  
Partner  
(Membership No. 104968)

**MUMBAI**, May 3, 2016

## **ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**

**(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of Sheba Properties Limited)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **SHEBA PROPERTIES LIMITED** (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W- 100018)

**Anjum Qazi**  
Partner  
(Membership No. 104968)

**MUMBAI**, May 3, 2016

## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Sheba Properties Limited)

- (i) (a) The Company has maintained proper records for building showing full particulars including quantitative details and situation of fixed assets. The Company does not consider it necessary to maintain a fixed assets register in respect of plant and machinery which is fully depreciated.
  - (b) The fixed assets comprising building were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification. The Company does not have a programme of verification in respect of plant and machinery which is fully depreciated in its books.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered transfer deed provided to us, we report that, the title deed, comprising the immovable properties of building which is freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
  - (iii) According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the register maintained under section 189 of the Act in respect of which:
    - (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
    - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

- (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have any unclaimed deposits.
- (vi) Having regard to the nature of the Company's business/activities, reporting under clause (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Income-tax, Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Income-tax, Service Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax and Service Tax as on March 31, 2016 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government and has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its designated officers or employees has been noticed or reported during the year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid/provided managerial remuneration and hence reporting under clause (xi) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is required to be registered under section 45-I of the Reserve Bank of India Act, 1934 and it has obtained the registration.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W- 100018)

**Anjum Qazi**  
Partner  
(Membership No. 104968)

**MUMBAI, May 3, 2016**